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UNITED STATES OF AMERICA

FILED IN THE
UNITED STATES DISTRICT COURT
DISTRICT OF HAWAII
FEB 01 2001
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WALTER A.Y.H. CHINN, CLERK

IN THE UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF HAWAII

UNITED STATES OF AMERICA,)	CR. NO. <u>C R 01 - 00034</u>
)	
Plaintiff,)	INDICTMENT
)	
v.)	[26 U.S.C. § 7201]
)	Evasion
VICTOR H. ZUERCHER, JR.,)	
)	[26 U.S.C. § 7206(1)]
Defendant.)	Subscribing a False
)	Document

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INDICTMENT

COUNT 1

The Grand Jury charges:

From on or about October 20, 1986 through October 19, 1998, in the District of Hawaii, defendant Victor H. Zuercher, Jr., after having filed on October 20, 1986, August 24, 1987, April 15, 1991, August 26, 1994, April 15, 1995, April 15, 1996, April 15, 1997 and October 19, 1998, Form 1040 Individual Income

Tax Returns for 1985, 1986, 1990, 1993, 1994, 1995, 1996, and 1997, which returns established a self-assessed tax liability of \$55,559.05, the total taxes due to the United States of America, did willfully attempt to evade and defeat the payment of that self-assessed income tax due and owing by him to the United States of America for the calendar years 1985, 1986, 1990, 1993, 1994, 1995, 1996 and 1997, by:

(1) Trying to negotiate an income tax settlement with the IRS, while hiding the extent of his resources, from November 1987 through September, 1996.

(2) Filing for bankruptcy on September 4, 1991, to evade levies issued in the defendant's name, and to impede the collection process. During the period Zuercher was in bankruptcy proceedings (September/1991 to February/1993), Zuercher received funds in the form of salaries and loans from V.Z. Dental Clinic, Inc.

(3) Taking funds out of the receipts of O.B. Inc., under the pretense that they were either loans to his son (which the defendant used to pay his son's college tuition) or salary for his son which the defendant cashed for his own use from December 14, 1993 to November 26, 1997.

(4) Intercepting payments from O.B. Inc.'s patients and cashing those payments for his own use as "self-employment"

income earned "on the side" from January 27, 1995 to December 4, 1997.

(5) Dealing in cash, cashier's checks and money orders throughout the time of this indictment for the purpose of hiding his income.

(6) Joining a barter club, to avoid transactions that would make funds available for an IRS levy, on November 22, 1995.

(7) On February 10, 1995, the defendant filed a false IRS Form 433-A, Collection Information Statement for Individuals, signed on February 10, 1995, in which the defendant failed to disclose his interest in O.B. Inc., a nominee corporation that he controlled, thereby hiding assets and income that the Internal Revenue Service could have garnished to collect the defendant's income tax liability for the calendar years 1985, 1986, 1990, 1993, 1994, 1995, 1996, and 1997.

(8) On September 24, 1996, the defendant filed a false IRS Form 433, Statement of Financial Condition and Other Information, signed September 24, 1996, in which he failed to disclose his interest in O.B. Inc., a nominee corporation that he controlled, thereby hiding assets and income that the Internal Revenue Service could have garnished to collect the defendant's income tax liability for the calendar years 1985, 1986, 1990, 1993, 1994, 1995, 1996, and 1997.

All in violation of 26 U.S.C. § 7201.

Count 2

The Grand Jury further charges that:

From on or about September 20, 1992 through September 18, 1994, in the District of Hawaii, defendant Victor H. Zuercher, Jr., after having filed on September 20, 1992, September 19, 1993 and September 18, 1994, Federal Income Tax Returns, Form 1120 Corporate Income Tax Return, for the defendant's professional corporation, V.Z. Dental, Clinic, Inc., with a self-assessed tax liability of \$18,344.89, the total taxes due to the United States of America, did willfully attempt to evade and defeat the payment of that income tax due and owing by V.Z. Dental Clinic, Inc. to the United States of America for the calendar years 1991, 1992, 1993, by:

(1) Trying to negotiate an income tax settlement with the IRS, while hiding the extent of his resources, from November 1987 through September, 1996.

(2) Filing for bankruptcy on September 4, 1991, to evade levies issued in the defendant's professional corporation's name (V.Z. Dental Clinic, Inc.), and to impede the collection process. During the period the defendant was in bankruptcy proceedings (September/1991 to February/1993), Zuercher received approximately \$170,000.00 in salaries and loans from V.Z. Dental Clinic, Inc.

(3) Taking funds out of the receipts of O.B. Inc., under the pretense that they were either loans to his son (which the defendant used to pay his son's college tuition) or salary for his son which the defendant cashed for his own use from December 14, 1993 to November 26, 1997.

(4) Intercepting payments from O.B. Inc.'s patients and cashing those payments for his own use as "self-employment" income earned "on the side" from January 27, 1995 to December 4, 1997.

(5) Dealing in cash, cashier's checks and money orders throughout the time of this indictment for the purpose of hiding his income.

(6) Joining a barter club, to avoid transactions that would make funds available for an IRS levy, on November 22, 1995.

(7) On February 10, 1995, the defendant filed a false IRS Form 433-A, Collection Information Statement for Individuals, signed on February 10, 1995, in which the defendant failed to disclose his interest in O.B. Inc., a nominee corporation that he controlled, thereby hiding income and assets that the Internal Revenue Service could have garnished to collect the defendant's income tax liability for the calendar years 1991, 1992 and 1993.

(8) On September 24, 1996, the defendant filed a false IRS Form 433, Statement of Financial Condition and Other Information, signed September 24, 1996, in which he failed to

disclose his interest in O.B. Inc., a nominee corporation that he controlled, thereby hiding income and assets that the Internal Revenue Service could have garnished to collect the defendant's income tax liability for the calendar years 1991, 1992 and 1993.

All in violation of 26 U.S.C. § 7201.

Count 3

The Grand Jury further charges that:

On or about February 10, 1995, in the District of Hawaii, the defendant Victor H. Zuercher, Jr., a resident of Honolulu, Hawaii, did willfully make and subscribe an IRS Form 433-A, Collection Information Statement for Individuals, which was verified by a written declaration that it was made under the penalties of perjury and was filed with the Internal Revenue Service, which said Form 433-A, Collection Information Statement for Individuals, the defendant did not believe to be true and correct as to every material matter in that the said Form 433-A, Collection Information Statement for Individuals, failed to disclose that the defendant exercised complete dominion and control over the income, assets and operation of a nominee corporation, known as O.B. Inc., from which the defendant derived income. The defendant then and there well knew and believed that he was in total dominion and control of O.B. Inc., which was generating income that was available to pay his back taxes.

All in violation of 26 U.S.C. § 7206(1).

Count 4

The Grand Jury further charges that:

On or about September 24, 1996, in the District of Hawaii, defendant Victor H. Zuercher, Jr., a resident of Honolulu, Hawaii, did willfully make and subscribe an IRS Form 433, Statement of Financial Condition and Other Information, which was verified by a written declaration that it was made under the penalties of perjury and was filed with the Internal Revenue Service, which said Form 433, Statement of Financial Condition and Other Information, the defendant did not believe to be true and correct as to every material matter in that the said Form 433, Statement of Financial Condition and Other Information, failed to disclose that the defendant exercised complete dominion and control over the income, assets and operation of a nominee corporation, known as O.B. Inc., from which the defendant derived income. The defendant then and there well knew and believed that

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he was in total dominion and control of O.B. Inc., which was generating income that was available to pay his back taxes.

All in violation of 26 U.S.C. § 7206(1).

DATED: Honolulu, Hawaii, 2/1, 2001.

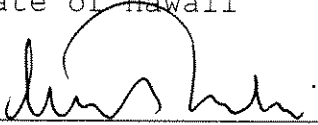
A TRUE BILL.

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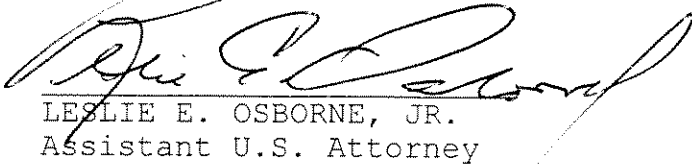
FOREPERSON, GRAND JURY



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United States v. Victor H. Zuercher, Jr.
"Indictment"
Cr. No. _____